

Article - Education

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§21-309.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Business entity” means:
 - (i) A person conducting or operating a trade or business in Maryland; or
 - (ii) An organization operating in Maryland that is exempt from taxation under § 501(c)(3) or (4) of the Internal Revenue Code.
- (3) “Division” means the Division of Rehabilitation Services of the Maryland State Department of Education.
- (4) “Qualified child care or transportation expenses” means:
 - (i) State regulated child care expenses that are incurred by a business entity to enable a qualified employee with a disability to be gainfully employed; or
 - (ii) Transportation expenses that are incurred by a business entity to enable a qualified employee with a disability to travel to and from work.
- (5) (i) “Qualified employee with a disability” means an individual who:
 - 1. Meets the definition of an individual with a disability as defined by the Americans with Disabilities Act;
 - 2. Has a disability that presently constitutes an impediment to obtaining or maintaining employment or to transitioning from school to work;
 - 3. Is ready for employment; and
 - 4. Has been determined by the Division or the Maryland Department of Labor, in consultation with the Division, as having met the criteria of a qualified employee with a disability established under this section.

(ii) “Qualified employee with a disability” includes:

1. An individual who has been determined by the Maryland Department of Labor, in consultation with the United States Veterans Administration, as having been discharged or released from active duty in the armed forces of the United States for a service-connected disability; and

2. Any other individual meeting the definition of subparagraph (i) of this paragraph, whether or not the individual receives services from the Division.

(6) “Wages” means wages, within the meaning of § 51(c)(1), (2), and (3) of the Internal Revenue Code without regard to § 51(c)(4) of the Internal Revenue Code that are paid by a business entity to an employee for services performed in a trade or business of the employer.

(b) (1) Except as provided in subsection (e) of this section, a business entity may claim a tax credit in the amounts determined under subsections (c) and (d) of this section for the wages and qualified child care or transportation expenses with respect to a qualified employee with a disability that are paid in the taxable year for which the business entity claims the credit.

(2) The same tax credit cannot be applied more than once against different taxes by the same taxpayer.

(c) For each taxable year, for the wages paid to each qualified employee with a disability, a credit is allowed in an amount equal to 30% of up to the first \$9,000 of the wages paid to the qualified employee with a disability during each of the first 2 years of employment.

(d) For each taxable year, for child care provided or paid for by a business entity for the children of a qualified employee with a disability, or transportation expenses that are incurred by a business entity to enable a qualified employee with a disability to travel to and from work, a credit is allowed in an amount equal to up to \$900 of the qualified child care or transportation expenses incurred for each qualified employee with a disability during each of the first 2 years of employment.

(e) (1) A business entity may not claim the credit under this section for an employee:

(i) Who is hired to replace a laid-off employee or to replace an employee who is on strike; or

(ii) For whom the business entity simultaneously receives federal or State employment training benefits.

(2) A business entity may not claim the credit under this section until it has notified the Division that a qualified employee with a disability has been hired.

(3) A business entity may claim a credit in the amount provided in paragraph (4) of this subsection for an employee whose employment lasts less than 1 year if the employee:

(i) Voluntarily terminates employment with the employer;

(ii) Is unable to continue employment due to a further disability or death; or

(iii) Is terminated for cause.

(4) (i) If a business entity is entitled to a tax credit for an employee who is employed for less than 1 year because the employee voluntarily terminates employment with the employer to take another job, the business entity may claim a tax credit of 30% of up to the first \$9,000 of the wages paid to the employee during the course of employment.

(ii) If a business entity is entitled to a tax credit for an employee who is employed for less than 1 year for a reason other than that described in subparagraph (i) of this paragraph, the amount of the credit shall be reduced by the proportion of a year that the employee did not work.

(f) If the credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the business entity for that taxable year, a business entity may apply the excess as a credit for succeeding taxable years until the earlier of:

(1) The full amount of the excess is used; or

(2) The expiration of the 5th taxable year after the taxable year in which the wages or qualified child care or transportation expenses for which the credit is claimed are paid.

(g) If a credit is claimed under this section, the claimant must make the addition required in § 10–205 or § 10–306 of the Tax – General Article.

(h) (1) Subject to the provisions of this subsection, the Maryland Department of Labor and the State Department of Education shall jointly adopt regulations necessary to carry out the provisions of this section.

(2) The Comptroller shall adopt regulations to provide for the computation and carryover of the credit under § 10–704.7 of the Tax – General Article.

(3) The State Department of Assessments and Taxation shall adopt regulations to provide for the computation and carryover of the credit under §§ 8–216 and 8–413 of the Tax – General Article.

(4) The Maryland Insurance Commissioner shall adopt regulations to provide for the computation and carryover of the credit under § 6–115 of the Insurance Article.

(i) The Maryland Department of Labor shall administer the tax credit and report to the Governor, and, subject to § 2–1257 of the State Government Article, to the General Assembly, before January 15 of each year on:

(1) Marketing activities for the credit under this section;

(2) The number of business entities who hired a qualified employee with a disability during the preceding year;

(3) The number of qualified employees with disabilities:

(i) Hired in each business sector for the preceding year; and

(ii) Hired during the preceding year and employed for less than 1 year;

(4) A summary of the average hourly wages paid to qualified employees with disabilities for the preceding year;

(5) The number and amount of credits claimed during the preceding year; and

(6) The number and amount of credits claimed for child care or transportation expenses, including a summary of the types of transportation expenses incurred by business entities.

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